

HOUSE BILL 965

Q3

2lr0586

By: **Delegates Barve and Branch**

Introduced and read first time: February 10, 2012

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Credit – General Services Administration Schedules Program –**
3 **Preparation Expenses**

4 FOR the purpose of allowing an individual or a corporation to claim a credit against
5 the State income tax in a certain amount for qualified preparation expenses
6 related to certain General Services Administration program applications and
7 contract proposals; providing that the credit may not exceed the State income
8 tax for the taxable year and that any unused credit may not be carried over to
9 any other taxable year; requiring the Comptroller to report certain information
10 regarding the credit to the Governor and the General Assembly each year;
11 providing for the application of this Act; defining certain terms; and generally
12 relating to an income tax credit for preparation expenses related to certain
13 General Services Administration programs.

14 BY adding to
15 Article – Tax – General
16 Section 10–731
17 Annotated Code of Maryland
18 (2010 Replacement Volume and 2011 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article – Tax – General**

22 **10–731.**

23 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
24 **MEANINGS INDICATED.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) (I) “GSA SCHEDULES PROGRAM” MEANS THE GENERAL**
2 **SERVICES ADMINISTRATION PROGRAM PRESCRIBED IN PART 38 AND SUBPART**
3 **8.4 OF THE FEDERAL ACQUISITION REGULATION UNDER TITLE 48 OF THE**
4 **CODE OF FEDERAL REGULATIONS.**

5 **(II) “GSA SCHEDULES PROGRAM” INCLUDES:**

6 **1. CONTRACTS FOR SUPPLIES AND SERVICES**
7 **AWARDED UNDER THE FEDERAL SUPPLY SCHEDULE PROGRAM MANAGED BY**
8 **THE GENERAL SERVICES ADMINISTRATION PURSUANT TO 41 U.S.C. §**
9 **259(B)(3)(A); AND**

10 **2. CONTRACTS FOR SUPPLIES AND SERVICES**
11 **AWARDED BY THE GENERAL SERVICES ADMINISTRATION OR THE DEPARTMENT**
12 **OF VETERANS AFFAIRS UNDER THE MULTIPLE AWARD SCHEDULE PROGRAM**
13 **PURSUANT TO 40 U.S.C. § 501 AND 41 U.S.C. § 251.**

14 **(3) “QUALIFIED PREPARATION EXPENSES” MEANS THE**
15 **ORDINARY AND NECESSARY TRADE OR BUSINESS EXPENSES PAID OR INCURRED**
16 **DURING THE TAXABLE YEAR RELATED TO THE PREPARATION OF GSA**
17 **SCHEDULES PROGRAM CONTRACT PROPOSALS OR GSA SCHEDULES PROGRAM**
18 **APPLICATIONS.**

19 **(B) AN INDIVIDUAL OR A CORPORATION MAY CLAIM A CREDIT AGAINST**
20 **THE STATE INCOME TAX AS PROVIDED UNDER THIS SECTION FOR QUALIFIED**
21 **PREPARATION EXPENSES RELATED TO GSA SCHEDULES PROGRAM CONTRACT**
22 **PROPOSALS OR GSA SCHEDULES PROGRAM APPLICATIONS.**

23 **(C) (1) FOR ANY TAXABLE YEAR, THE CREDIT ALLOWED UNDER THIS**
24 **SECTION MAY NOT EXCEED 50% OF THE QUALIFIED PREPARATION EXPENSES**
25 **INCURRED BY AN INDIVIDUAL OR A CORPORATION.**

26 **(2) THE CREDIT ALLOWED UNDER THIS SECTION MAY NOT**
27 **EXCEED THE STATE INCOME TAX FOR THAT TAXABLE YEAR, CALCULATED**
28 **BEFORE THE APPLICATION OF THE CREDITS ALLOWED UNDER THIS SECTION**
29 **AND §§ 10-701 AND 10-701.1 OF THIS SUBTITLE BUT AFTER THE APPLICATION**
30 **OF THE OTHER CREDITS ALLOWABLE UNDER THIS SUBTITLE.**

31 **(3) THE UNUSED AMOUNT OF THE CREDIT FOR ANY TAXABLE**
32 **YEAR MAY NOT BE CARRIED OVER TO ANY OTHER TAXABLE YEAR.**

33 **(D) ON OR BEFORE DECEMBER 1, 2013, AND EACH DECEMBER 1**
34 **THEREAFTER, THE COMPTROLLER SHALL REPORT TO THE GOVERNOR AND,**

1 SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THE GENERAL
2 ASSEMBLY REGARDING THE CREDIT ALLOWED UNDER THIS SECTION,
3 INCLUDING THE NUMBER OF TAXPAYERS WHO HAVE CLAIMED THE CREDIT AND
4 THE AMOUNT ALLOWED AS CREDITS.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
6 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
7 2011.